

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 BUENOS AIRES 4687

DEPT FOR ARA/ECA

E.O. 11652: GDS
TAGS: SHUM, AR
SUBJECT: HUMAN RIGHTS EVALUATION REPORT

REF: STATE 143028

SUMMARY: FOLLOWING PARAGRAPHS IN RESPONSE TO REFTEL ARE
DIVIDED INTO "ECONOMIC FACTORS: NEEDS OF THE POOR" AND
"CORRUPTION". IN BRIEF WE SEE THIS GOVERNMENT'S ECONOMIC
POLICIES ADVERSELY AFFECTING LOWER INCOME GROUPS, BUT
WOULD HESITATE DESIGNATING THE EFFECTS OF THE CURRENT
STABLIZATION POLICIES AS "VIOLATING HUMAN RIGHTS." RECORD
OF THIS GOVERNMENT ON "CORRUPTION" SEEMS TO REPRESENT NET
IMPROVEMENT OVER PREDECESSOR REGIMES, BUT SOME HARSH ACTIONS
AGAINST "CORRUPT" FORMER OFFICIALS HAVE AFFECTED SOME HUMAN RIGHTS
CONSIDERATIONS AND SOME ACTIONS APPEAR POLITICALLY MOTIVATED.
END SUMMARY.

1. ECONOMIC FACTORS. WHILE DATA ARE INSUFFICIENT FOR A
DETAILED STATISTICAL ANALYSIS, CONSENSUS AT EMBASSY IS THAT
THE CURRENT GOVERNMENT HAS BUDGETED LESS IN PUBLIC HOUSING,
PUBLIC HEALTH AND EDUCATION THAN THE PREDECESSOR PERONIST REGIME.
MOREOVER, THE GOVERNMENT'S WAGE/PRICE POLICY HAS BROUGHT ABOUT A
SUBSTANTIAL INCREASE IN THE WORKER'S REAL COST OF LIVING, PART-
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ICULARLY FOR FOOD AND HOUSING. THE PERONIST GOVERNMENT RAN UP A
HUGE FISCAL DEFICIT, ON THE ORDER OF 12 PERCENT OF GDP, LARGELY DUE
TO HEAVILY FEATHERBEDDED, INEFFICIENT STATE ENTERPRISES. THE MAJOR
EMPHASIS OF THAT GOVERNMENT'S DEMAGOGIC POLICIES WAS ON DISTRIBUTING
OR REDISTRIBUTING INCOME WITHOUT REGARD TO ECONOMIC GROWTH.

2. MAJOR ECONOMIC INTENTION OF THE GOVERNMENT IN POWER SINCE

MARCH 1976 HAS BEEN ON ELIMINATING OR REDUCING ECONOMIC DISTORTIONS INHERITED FROM THE PERONIST REGIME, AND ON LAYING THE BASES FOR FULL ECONOMIC RECOVERY AND GROWTH. THIS HAS MEANT IN THE PUBLIC SECTOR AN INCREASED INVESTMENT IN PRODUCTIVE CAPITAL PROJECTS AS OPPOSED TO RELATIVELY LESS PRODUCTIVE SOCIAL DEVELOPMENT PROJECTS, A DRAMATIC CUT IN THE BUDGET DEFICIT THROUGH STRICTER TAX ENFORCEMENT, A REDUCTION IN STATE EMPLOYMENT AND A HIGHLY CONTROVERSIAL POLICY OF WAGE RESTRAINT.

3. IN THE PRIVATE SECTOR, AN INCOME POLICY EMPHASIZING WAGE CONTROL WITH LIMITED PRICE CONTROL HAS FORCED DOWN REAL WAGES PROBABLY ON THE ORDER OF 25 TO 30 PER CENT (ALTHOUGH THE GOVERNMENT'S OWN STATISTICS SHOW A 50 PERCENT DECLINE.). THE RESULT IN THE SHORT TERM OF THESE POLICIES HAS BEEN A MORE UNEQUAL DISTRIBUTION OF INCOME AMONG THE POPULATION. WAGE EARNERS AS A GROUP HAVE BEEN DISADVANTAGED IN RELATION TO THE SELF-EMPLOYED AND TO THOSE WHO HAVE INCOME FROM NON-WAGE SOURCES. AT THE SAME TIME, UNEMPLOYMENT HAS BEEN KEPT RELATIVELY LOW (AROUND 4 PERCENT) DESPITE THE RECESSION, A RESULT WHICH THE GOVERNMENT CLAIMS HAS ONLY BEEN POSSIBLE THROUGH ITS WAGE CONTROL POLICY.

4. TRADE UNION REPRESENTATIVES AND POLITICIANS WHO GENERALLY OPPOSE THE GOVERNMENT'S ECONOMIC POLICIES CLAIM THAT MANY LOW INCOME GROUPS HAVE BEEN REDUCED TO "STARVATION LEVELS." WHILE THIS IS DIFFICULT TO PROVE EMPIRICALLY, WE BELIEVE THAT THIS IS AN EXAGGERATED ASSERTION. NUTRITIONAL LEVELS ARE CONFIDENTIAL

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STILL SUBSTANTIALLY HIGHER THAN IN ALMOST ALL THE REST OF LATIN AMERICA AND HEALTH CARE IS AVAILABLE AND HEAVILY SUBSIDIZED.

5. IT IS FAIR TO SAY THAT THE PRESENT GOVERNMENT, WHILE RETAINING THE PREVIOUS SOCIAL WELFARE STRUCTURE SEEKS TO IMPROVE THE LOT OF THE POOR PRIMARILY THROUGH ECONOMIC GROWTH AND PRODUCTIVITY AND TO THIS END RELIES LARGELY ON THE REVIVAL OF THE PRIVATE SECTOR. WITH INCREASED ECONOMIC GROWTH AND A WINDING DOWN OF THE WAR AGAINST SUBVERSION THERE PROBABLY WILL BE AN INCREASED INVESTMENT IN PUBLIC EDUCATION. THE AGRICULTURAL SECTOR HAS ALREADY RESPONDED DRAMATICALLY TO THE GOVERNMENT POLICY AND THERE HAS BEEN A BUMPER CROP OF GRAINS AND OILSEED. HOWEVER, INDUSTRIAL PRODUCTION REMAINS DEPRESSED AND THERE HAS BEEN NO REAL GDP GROWTH AS YET.

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6. WE HAVE NOT SPECIFICALLY ADDRESSED OURSELVES TO THE QUESTION OF TRADE UNION LIBERTIES ON THE ASSUMPTION THAT THIS SUBJECT WILL BE DEALT WITH IN ANOTHER SECTION OF THE DRAFT. AS DEPT. IS AWARE, BASIC UNION LIBERTIES HAVE BEEN SUSPENDED SINCE THIS GOVERNMENT TOOK POWER, INCLUDING THE CONSTITUTIONAL RIGHT TO COLLECTIVELY BARGAIN FOR WAGES AND WORKING CONDITIONS AND THE RIGHT TO STRIKE. MAJOR NATIONAL UNIONS INCLUDING THE NATIONAL CENTRAL (THE CGT) HAVE BEEN INTERVENED BY MILITARY AUTHORITIES, AS HAVE THE SOCIAL WELFARE PROGRAMS OF MANY UNIONS.

7. CORRUPTION. CORRUPTION IN ARGENTINA IS ENDEMIC, TRADITIONAL AND WIDESPREAD. DURING THE MOST RECENT PERONIST GOVERNMENT, CORRUPTION REACHED UNPRECEDENTED HEIGHTS AND PERMEATED ALMOST EVERY SECTOR OF SOCIETY, PARTICULARLY WITHIN THE PRESIDENCY, THE GOVERNMENT BUREAUCRACY, BUSINESS AND SPECIAL INTEREST GROUPS AND THE LABOR UNIONS. INSTITUTIONALIZED CORRUPTION WAS OPENLY, IF NOT PUBLICLY, ACKNOWLEDGED AT ALL LEVELS AND IN SOME WAYS WAS SEEN MORE AS A FACTOR IN THE DISTRIBUTION OF WEALTH RATHER THAN AS CONCENTRATION IN THE HANDS OF A PERMANENT PRIVILEGED NATIONAL ELITE. IT WAS COMMONLY UNDERSTOOD THAT THE "INS" TOOK ALL THEY COULD WHILE THE "OUTS" WAITED AND MANEUVERED FOR THEIR TURN. DURING THE LAST PERONIST GOVERNMENT, FOR EXAMPLE, RESOURCES FLOWED TO THE UNIONS, GOVERNMENT OFFICIALS, PATRONAGE BENEFICIARIES AND PRIVILEGED PERONIST BUSINESSMEN.
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8. THE PRESENT MILITARY GOVERNMENT HAS MADE CORRUPTION AN IMMEDIATE AND PRIORITY TARGET -- THOUGH MOTIVES HERE MAY AT TIMES BE MIXED WITH A DESIRE TO "GET BACK AT" AND DISCREDIT PREVIOUS REGIMES. WHILE ITS METHODS ARE OFTEN CLUMSY AND HARSH, THE VIDELA GOVERNMENT HAS MADE AN EFFORT TO ROOT OUT, PUNISH AND REDUCE CORRUPTION. SOME MEANS BY WHICH AUTHORITIES SEEK TO

ACCOMPLISH THIS ARE: STRICTER ENFORCEMENT OF TAX LAWS;
INTERVENTION OF SUSPECT BUSINESSES AND UNIONS; THE STRIPPING OF
ALLEGEDLY EXCESSIVE SPECIAL PRIVILEGES FROM UNION WORKERS;
SANCTIONING OF FORMER GOVERNMENT AND UNION LEADERS
FOR CORRUPTION UNDER THE "ACT OF INSTITUTIONAL RESPONSIBILITY";
ARREST AND TRIAL OF PUBLIC OFFICIALS CHARGED WITH CORRUPTION,
FRAUD, EMBEZZELING, AND MALADMINISTRATION; AND THE REOPENING OF
THE "ALUAR CASE," IN WHICH HIGH-RANKING OFFICIALS OF THE PREVIOUS
MILITARY GOVERNMENT ARE BEING PROCESSED FOR ALLEGED CORRUPTION.
(COMMENT: THE ALUAR CASE IS A PRIME EXAMPLE OF MIXING ANTI-
CORRUPTION STATEMENTS WITH POLITICAL EXPEDIENCY.)

9. THE MILITARY ITSELF, PARTICULARLY IN THOS HIGHER ECHELONS
PERSONIFIED BY THE VERY CORRECT AND ASCETIC GENERAL VIDELA, IN
GENERAL CONTINUES TO ENJOY A CLEAR REPUTATION VIS-A-VIS
CORRUPTION. MILITARY OFFICERS IN GOVERNMENT POSITIONS RECEIVE
ONLY THEIR MILITARY PAY AND ENJOY NO SPECIAL NEW PREREQUISITES.
IT IS MORE DIFFICULT TO COMMENT ON THE LEVEL OF CORRUPTION AT
OTHER LEVELS, BUT IN GENERAL PARTICIPANTS IN THIS MILITARY
GOVERNMENT ARE CHARACETERIZED MORE BY THEIR EXCESSIVE ZEAL IN
PURGING SOCIETY OF CORRUPTION THAN IN COLLECTING THEIR SHARE
OF THE SPOILS, AS A WEALTHY, COMPLEX INDUSTRIALIZED SOCIETY,
ARGENTINA WOULD NOT BE SEEN, THEREFORE, AS A NATION IN WHICH
CORRUPTION IS OF SUCH A NATURE THAT SIGNIFICANT RESOURCES
ARE DIVERTED TO THE NATION'S ELITE AND AWAY FROM THE MAJORITY
OF THE POPULATION.
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